

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES  
INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS  
WITH FOREIGN POSTAL OPERATORS 1  
HONGKONG POST – UNITED STATES POSTAL SERVICE  
BILATERAL AGREEMENT (MC2010-35)  
NEGOTIATED SERVICE AGREEMENT

Docket No. R2014-4

**UNITED STATES POSTAL SERVICE NOTICE OF TYPE 2 RATE ADJUSTMENT, AND  
NOTICE OF FILING FUNCTIONALLY EQUIVALENT AGREEMENT**  
(December 24, 2013)

Pursuant to authorization from its Governors, the United States Postal Service (Postal Service) provides notice of a Type 2 rate adjustment, in accordance with 39 C.F.R. § 3010.40 *et seq.*, which results in improvement over default rates established under the Universal Postal Union (UPU) Acts for inbound small packets with delivery scanning. This notice concerns the inbound portion of a bilateral agreement with the Hongkong Post Group (Hongkong Post) (Hongkong Post 2014-2015 agreement), which is the successor to the Hongkong Post agreement<sup>1</sup> previously found to be functionally equivalent to the Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1 contracts added to the market dominant product list.<sup>2</sup>

Attachment 1 to this Notice is the Postal Service's application for non-public treatment of these materials. A redacted copy of the agreement is included in the public

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<sup>1</sup> PRC Order No. 1597, Order Approving an Additional Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement (with Hongkong Post), Docket No. R2013-3, December 28, 2012.

<sup>2</sup> PRC Order No. 549, Order Adding Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 to the Market Dominant Product List and Approving Included Agreements, Docket Nos. MC2010-35, R2010-5, and R2010-6, September 30, 2010. In the following orders, the Commission determined that subsequent agreements with Hongkong Post were functionally equivalent to the agreement reviewed in Order No. 549. PRC Order No. 700, Order Approving Rate Adjustment for Hongkong Post – United States Postal Service Letter Post Bilateral Agreement Negotiated Service Agreement, Docket No. R2011-4, March 18, 2011, at 8; PRC Order No. 1058, Order Approving Request to Include Hongkong Post Group Bilateral Agreement Within an Existing Market Dominant Product, Docket No. R2012-4, December 20, 2011; PRC Order No. 1597.

version of this filing as Attachment 2. The full text of the agreement and supporting financial documentation are being filed separately under seal with the Commission. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file.

***I. Notice of Agreement and Rate Adjustment***

***A. Satisfaction of the Criteria under Part 3010, Subpart D of the Rules of Practice and Procedure***

The Postal Service provides the following answers, descriptions, and affirmations in response to the criteria for contents of a notice of agreement in support of a negotiated service agreement, as provided in 39 C.F.R. § 3010.42. This statement provides support for the implementation of the Agreement and the establishment of the rates offered therein.

- (a) ... [A] notice of agreement that shall include at a minimum: (1) A copy of the negotiated service agreement;*  
*(2) The planned effective date(s) of the proposed rates;*  
*(3) A representation or evidence that public notice of the planned changes has been issued or will be issued at least 45 days before the effective date(s) for the proposed new rates; and*  
*(4) The identity of a responsible Postal Service official who will be available to provide prompt responses to requests for clarification from the Commission.*

A copy of the agreement is being filed under seal in connection with this filing. The agreement's inbound market dominant rates are planned to become effective on March 1, 2014. Public notice of these rates is being given through this Notice at least 45 days before the effective date. Ms. Teresa Yeager, General Manager, Business Development, Asia Pacific, Global Business Solutions, Global Business, United States Postal Service will be available to provide prompt responses to requests for clarification from the Commission.

*(b) A statement identifying all parties to the agreement and a description clearly explaining the operative components of the agreement.*

As with its predecessor agreement that is the subject of Docket No. R2013-3, the parties to the Hongkong Post 2014-2015 agreement are the United States Postal Service and Hongkong Post, the designated operators of the United States of America and Hong Kong, respectively. This agreement includes negotiated pricing for various inbound small packets with delivery scanning.

*(c) Details regarding the expected improvements in the net financial position or operations of the Postal Service. The projection of change in net financial position as a result of the agreement shall include for each year of the agreement:*

- (1) The estimated mailer-specific costs, volumes, and revenues of the Postal Service absent the implementation of the negotiated service agreement;*
- (2) The estimated mailer-specific costs, volumes, and revenues of the Postal Service which result from implementation of the negotiated service agreement;*
- (3) An analysis of the effects of the negotiated service agreement on the contribution to institutional costs from mailers not party to the agreement; and*
- (4) If mailer-specific costs are not available, the source and derivation of the costs that are used shall be provided, together with a discussion of the currency and reliability of those costs and their suitability as a proxy for the mailer-specific costs.*

The agreement with Hongkong Post is expected to improve not only the financial performance over the default UPU rates that the Postal Service would receive, but it is expected to improve operational performance and other factors as well. The Postal Service provided the required information about expected financial improvements, costs, volumes, and revenues in the financial workpapers that it filed under seal with this Notice. Operational and other improvements that are expected to flow from this agreement are described below.

*(d) An identification of each component of the agreement expected to enhance the performance of mail preparation, processing, transportation or other functions in each year of the agreement, and a discussion of the nature and expected impact of each such enhancement.*

For the Hongkong Post agreement, operational and other improvements include:

- the establishment of a process for collecting tracking events associated with

small packets with delivery scanning, and

- the establishment of improved accounting and settlement processes.

*(e) Details regarding any and all actions (performed or to be performed) to assure that the agreement will not result in unreasonable harm to the marketplace.*

While it should improve financial and operational performance for the Postal Service, this agreement will not result in unreasonable harm to the marketplace. The Postal Service is unaware of any private entity that would be able to serve the United States market for inbound small packets with delivery scanning from Hongkong on the terms and scale contemplated in this agreement under UPU documentation.

In addition, the Postal Service and Hongkong Post serve as their respective countries' designated operators for the exchange of mail, including in particular letter post packets, under rules set by the UPU. Designated operators ordinarily compensate one another for the delivery of letter post packets in accordance with terminal dues rates set by the UPU, unless a bilateral agreement is concluded.<sup>3</sup> Because under U.S. State Department policy, no other entities are subject to terminal dues rates with respect to inbound small packets with delivery scanning to the United States from Hongkong send under UPU documentation, the market for the services offered under this agreement is in essence limited to its parties.

In sum, the Postal Service submits that the agreement is unlikely to pose competitive harm to the marketplace.<sup>4</sup>

*(f) Such other information as the Postal Service believes will assist the Commission to issue a timely determination of whether the requested changes are consistent with applicable statutory policies.*

In this docket, the Postal Service is presenting only those parts of the agreement that call for delivery of small packets with delivery scanning in the United States that are

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<sup>3</sup> See Universal Postal Convention Article 27 ¶ 9.

<sup>4</sup> This does not imply, however, that there is an absence of competition in this market.

tendered by a foreign postal operator, i.e., negotiated rates for inbound market dominant products. The rates paid by the Postal Service to Hongkong Post for outbound delivery of the Postal Service's products in Hong Kong are not presented to the Commission, because those rates represent supplier costs to the Postal Service, akin to an agreement to purchase trucking services from highway contractors or air transportation from air carriers. Those rates are built into the prices that the Postal Service charges its mailing customers for outbound products, which are the subject of a different regulatory filing.

The parts of the Hongkong Post 2014-2015 agreement that relate to competitive products will be the subject of regulatory review in another PRC docket, to satisfy the Postal Service's obligations under 39 U.S.C. § 407(d).

***B. Data Collection Plan***

Under 39 C.F.R. § 3010.43, the Postal Service must include with its notice of agreement "a detailed plan for providing data or information on actual experience under the agreement sufficient to allow evaluation of whether the negotiated service agreement operates in compliance with 39 U.S.C. [§] 3622(c)(10)."<sup>5</sup> The Postal Service intends to report information on this agreement through the Annual Compliance Report. The Postal Service will continue to cooperate with the Commission to provide any necessary information about mail flows from Hongkong Post within the course of the annual compliance review process. Therefore, the Postal Service proposes that no special data collection plan be created for this agreement. Furthermore, with respect to performance measurement, the Postal Service notes that this agreement is excepted from separate reporting under 39 C.F.R. § 3055.3(a)(3) by virtue of the Commission Order No. 996. That Order provided a standing exception for all agreements filed in the International

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<sup>5</sup> 39 C.F.R. § 3010.43.

Market Dominant Multi-Service Agreements With Foreign Postal Operators 1 product grouping.<sup>6</sup>

### **C. Statutory Criteria**

Under 39 U.S.C. § 3622(c)(10), the criteria for the Commission's review are whether the agreement (1) improves the net financial position of the Postal Service or enhances the performance of operational functions, (2) will not cause unreasonable harm to the marketplace, and (3) will be available on public and reasonable terms to similarly situated mailers. The first two criteria have been addressed in Part I.A. above. With respect to the third criterion, there are no entities that are similarly situated to Hongkong Post in their ability to tender the broad-based small packet flows from Hongkong under similar operational conditions and UPU documentation. Therefore, the Postal Service finds it difficult to conceive of a "similarly situated mailer" to which it could make a similar agreement available for each country-specific flow; accordingly, the Postal Service views this criterion as inapplicable in this instance.<sup>7</sup> Because all of the criteria set forth in 39 U.S.C. § 3622(c)(10) have been met, the Postal Service respectfully urges the Commission to act promptly by allowing the agreement's rates to be implemented under 39 C.F.R. § 3010.40, as requested.

## **II. Functional Equivalence**

The Commission, in Order 1864,<sup>7</sup> called upon the Postal Service to put forth, in its "next" filing of an agreement in this product group, a proposal for identification of the

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<sup>6</sup> See PRC Order No. 996, Order Concerning an Additional Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. R2012-2, November 23, 2011, at 7.

<sup>7</sup> See PRC Order No. 163, Order Concerning Bilateral Agreement with Canada Post for Inbound Market Dominant Services, Docket Nos. MC2009-7 and R2009-1, December 31, 2008, at 9-10 ("Given its narrow characterization of the underlying Agreement, the Postal Service's position [as to 'similarly situated mailers'] is correct. For purposes of this proceeding, the Commission concludes that it would be largely an academic exercise to consider whether a broader characterization should be employed.").

appropriate baseline for comparison of agreements for the purpose of determining<sup>8</sup> whether a new agreement is functionally equivalent to others in an existing product grouping such that it can be included in that group. The Postal Service filed a Motion for Partial Reconsideration of Order 1864 and incorporates by reference the substance of that motion here.<sup>8</sup>

The Postal Service posits that the Hongkong Post 2014-2015 agreement is functionally equivalent to the agreements previously filed and included in the product grouping for Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1, because it is very similar to the predecessor agreement between these same two parties insofar as it relates to inbound market dominant services. The main difference is that this agreement only provides market dominant rates for inbound small packets with delivery scanning, while the predecessor agreement also provided rates for inbound registered mail. The predecessor agreement was found by the Commission to be appropriately classified in this product grouping, because it met all of the applicable statutory and regulatory requirements.<sup>9</sup>

As with its predecessor agreement, relevant terms of the Hongkong Post 2014-2015 agreement fit within the Mail Classification Schedule language for the Inbound Market Dominant Multi-Service Agreements With Foreign Postal Operators 1 product grouping. Therefore, the Hongkong Post 2014-2015 agreement and its predecessor agreement conform to a common description. The agreements share a common market.

With respect to inbound small packet flows, the agreements also have similar cost characteristics. With respect to inbound small packets with delivery scanning, the financial

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<sup>8</sup> PRC Order No. 1864, Order Approving and Additional Inbound Market Dominant Multi-Service Agreement With Foreign Postal Operators 1 Negotiated Service Agreement (With Korea Post), Docket No. R2013-9, October 30, 2013 at 8 and 10.

<sup>9</sup> PRC Order No. 1597, at 6.

models used to project costs and revenues for the duration of the agreements are similar. However, letter-post products other than small packet with delivery scanning are not included in the agreement that is the subject of this docket.

Therefore, the Postal Service submits that the Hongkong Post 2014-2015 agreement is functionally equivalent to its predecessor, which is a logical baseline agreement to use for the purposes of this comparison.

There are, however, differences between the Hongkong Post 2014-2015 agreement and its predecessor agreement. None of these differences have an effect on the similarity of market characteristics of the agreements or the similarity of their cost characteristics.

- The Hongkong Post 2014-2015 agreement only provides rates for inbound small packets with delivery scanning. The agreement no longer provides negotiated rates for inbound registered mail, as was the case with its predecessor.
- Minor changes to Article 11 reflect the elimination of the reference to registered mail.
- The years for the references to the Annual Compliance Report in Article 13 have been updated.
- The Postal Service contact information in Article 15 has been updated.
- The references to previous agreements in Article 21 have been updated.
- The Effective Date has been updated in Article 22.
- The representative executing the agreement on behalf of Hongkong Post has been updated.
- The rates in Annex 1 and accompanying notes have been revised.
- The example of a small packet with delivery scanning label in Annex 3 has



been updated

- In Annex 5, a sentence concerning registered mail has been deleted.

None of these differences affect the cost or market characteristics of the agreements; therefore, the Postal Service does not consider that the differences detract from the conclusion that the Hongkong Post 2014-2015 agreement is functionally equivalent to its predecessor agreement in the Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1 product grouping.

### ***III. Application for Non-Public Treatment***

The Postal Service maintains that certain portions of the agreement and related financial information should remain confidential. In accordance with 39 C.F.R. § 3007.21, the Postal Service files as Attachment 1 to this Request its application for non-public treatment of materials filed under seal. A full discussion of the required elements of the application appears in Attachment 1.

### ***IV. Conclusion***

For the reasons discussed, the Postal Service believes that the Hongkong Post 2014-2015 agreement should be added to the product listing for Inbound Market- Dominant Multi-Service Agreements with Foreign Postal Operators 1.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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December 24, 2013

## ATTACHMENT 1

### UNITED STATES POSTAL SERVICE APPLICATION FOR NON- PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (“Postal Service”) applies for non-public treatment of certain materials filed with the Commission in this docket. The materials pertain to the bilateral agreement between Hongkong Post and the United States Postal Service filed in this proceeding. The agreement and supporting documents establishing compliance are being filed separately under seal with the Commission. A redacted copy of the agreement is filed with the Notice as Attachment 2. In addition, a redacted version of the supporting financial documentation is included with this public filing as a separate Excel file.

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The materials designated as non-public consist of information of a commercial nature that would not be publicly disclosed under good business practice. In the Postal Service’s view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>1</sup> Because the portions of the materials that the Postal Service is

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<sup>1</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that “likely commercial injury” should be construed

applying to file only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) Identification, including name, phone number, and e-mail address for any third party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

In the case of this agreement, the Postal Service believes that the only third party with a proprietary interest in the materials is the foreign postal operator with which the contract is made. Through text in the agreement, the Postal Service has already informed the postal operator, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and the operator's ability to address its confidentiality concerns directly with the Commission. Due to the sensitive nature of the Postal Service's rate relationship with the affected foreign postal operator, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices. The Postal Service identifies as an appropriate contact person Ms. Teresa Yeager, General Manager, Business Development, Asia Pacific, Global Business Solutions, Global Business, United States Postal Service. Ms. Yeager's phone number is (202) 268-2925, and her email address is [teresa.y.yeager@usps.gov](mailto:teresa.y.yeager@usps.gov).<sup>2</sup>

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broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

<sup>2</sup> The Postal Service acknowledges that 39 C.F.R. § 3007.21(c)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's filing might be construed as beyond the scope of the Commission's rules, the Postal Service respectfully requests a waiver to designate a Postal Service employee as the contact person under these circumstances, for the reasons provided in the text above.

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

In connection with its Notice filed in this docket, the Postal Service included an agreement and financial work papers associated with that agreement. These materials were filed under seal, with redacted copies filed publicly, after notice to the affected postal operator. The Postal Service maintains that the redacted portions of the agreement and related financial information should remain confidential.

With regard to the agreement filed in this docket, the redactions withhold the actual prices being offered between the parties under the agreement. The redactions applied to the financial work papers protect commercially sensitive information such as underlying costs and assumptions, negotiated pricing, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions in the work papers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the portions of the agreement that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Information about negotiated pricing is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Foreign postal operators could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. Competitors could also use the information to assess

the offers made by the Postal Service to foreign postal operators or other customers for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. This latter concern applies to the extent that the prices in the filed agreement cover market dominant services for which competition exists.

The financial work papers include specific information such as costs, assumptions used in pricing decisions, the negotiated prices themselves, projections of variables, and contingency rates included to account for market fluctuations and exchange risks. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to determine the absolute floor for Postal Service pricing, in light of statutory, regulatory, or policy constraints. Thus, competitors would be able to take advantage of the information to offer lower pricing to postal customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services markets. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers could also deduce from the rates provided in the agreement or from the information in the workpapers whether additional margin for net contribution exists under the agreement's prices. The settlement charges between the Postal Service and the foreign postal operator constitute costs underlying the postal services offered to each postal operator's customers, and disclosure of this cost basis would upset the balance of Postal Service negotiations with contract customers by allowing them to negotiate,

rightly or wrongly, on the basis of the Postal Service's perceived supplier costs.

From this information, each foreign postal operator or customer could also attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even the foreign postal operator involved in the agreement at issue in this docket could use the information in the work papers in an attempt to renegotiate the rates in its instrument by threatening to terminate its current agreement.

Price information in the agreement and financial spreadsheets also consists of sensitive commercial information of the foreign postal operator. Disclosure of such information could be used by competitors of the foreign postal operator to assess the foreign postal operator's underlying costs, and thereby develop a benchmark for the development of a competitive alternative. The foreign postal operator would also be exposed to the same risks as the Postal Service in customer negotiations based on the disclosure of their supplier costs.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Harm: Public disclosure of the prices in the Agreement, as well as any negotiated terms, would provide foreign postal operators or other potential customers extraordinary negotiating power to extract lower rates from the Postal Service.

Hypothetical: The negotiated prices are disclosed publicly on the Postal Regulatory Commission's website. Another postal operator sees the price and determines that there may be some additional profit margin below the rates provided to either operator. The other postal operator, which was offered rates comparable to those published in the agreement, then uses the publicly available rate information to insist that it must receive lower rates than those the Postal Service has offered.

Harm: Public disclosure of information in the financial work papers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing delivery service obtains unredacted versions of the financial workpapers from the Postal Regulatory Commission's website. It analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to comply with business or legal considerations regarding cost coverage and contribution to institutional costs. It then sets its own rates for products similar to what the Postal Service offers its customers below that threshold and markets its purported ability to beat the Postal Service on price for international delivery services. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of one or more relevant international delivery markets. Even if the competing providers do not manage wholly to freeze out the Postal Service, they will significantly cut into the revenue streams upon which the Postal Service relies to finance provision of universal service.

Harm: Public disclosure of information in the financial workpapers would be used detrimentally by the foreign postal operator's competitors.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the workpapers to assess the foreign postal operator's underlying costs for the corresponding products. The competitor uses that information as a baseline to negotiate with U.S. companies to develop lower-cost alternatives.



**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international delivery products (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products (including other postal operators) should not be provided access to the non-public materials. This includes the counter-party to the agreement with respect to all materials filed under seal except for the text of the postal operator's agreement, to which that counter-party already has access.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.

## **HONGKONG POST – UNITED STATES POSTAL SERVICE BILATERAL AGREEMENT**

This Agreement ("Agreement") is between the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the Government of the United States with offices at 475 L'Enfant Plaza, SW, Washington, DC 20260, and Hongkong Post ("Hongkong Post"), a government branch of the Hong Kong Special Administrative Region of People's Republic of China, and having a place of business at 4/F Hongkong Post Headquarters 2 Connaught Place, Central, Hong Kong. The USPS and Hongkong Post may be referred to individually as a "Party" and together as the "Parties."

### **INTRODUCTION**

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the Parties will provide each other certain products and/or services pursuant to the terms and conditions contained herein;

WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of and/or non-objection by various entities with oversight responsibilities, which may include but not be limited to the USPS management's executive committee, the USPS Governors, and/or the U.S. Postal Regulatory Commission. Accordingly, Hongkong Post acknowledges and understands that the ability of the USPS to perform under this Agreement may not occur, and in this respect the provisions of Article 2 and 3 shall apply;

WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement as well as the terms of Article 3 of this Agreement entitled "Conditions Precedent";

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

### **Article 1: Purpose of the Agreement**

The purposes of this Agreement are the following:

1. To foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties' respective customers; and
2. To set out the rates, principles and general terms and conditions that shall apply to the exchange of certain international products and services between the Parties, as further detailed and set forth in the Annexes to this Agreement.

### **Article 2: Oversight and Effective Date**

The terms and pricing set forth under this Agreement require the approval from various entities that have oversight responsibilities for the USPS as set out in Article 3 below. Upon execution of this Agreement, the USPS shall seek such approval. This Agreement shall come into effect upon all such approvals having been obtained by USPS and notification to Hongkong Post by the USPS that all such approvals have been obtained, and the date of notification shall be "the Effective Date," unless an alternative date is proposed in the USPS's notification and agreed to by Hongkong Post in a return communication, in which case that alternative date shall be the Effective Date.

### **Article 3: Conditions Precedent**

The Parties acknowledge and understand that all obligations of the USPS under this Agreement shall be contingent on the USPS receiving approvals from, and/or non-objection by (hereinafter "Conditions Precedent") one or more internal and external bodies that have oversight responsibilities. Conditions Precedent may include but are not limited to: approvals or, if applicable, non-objection, from USPS

management's executive committee, the Governors of the USPS, and the U.S. Postal Regulatory Commission. The Parties acknowledge that the Agreement might not be approved by such bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS or Hongkong Post and no benefit or rights granted through this Agreement shall inure to either Party unless and until the Effective Date occurs and upon such occurrence the Conditions Precedent shall have been fulfilled.

#### **Article 4: Limitation on Liability and Costs**

In the event that the Conditions Precedent are not fulfilled, the USPS and Hongkong Post shall have no liability, which shall include no obligation to pay costs associated with any action taken by Hongkong Post prior to the Effective Date of the Agreement. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, neither Party shall be held liable for any damages including, without limitation, the following: actual damages; special damages; indirect damages; incidental damages; punitive damages; consequential damages; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any cost incurred by either Party attributable to such non-approval such as attorney's fees.

#### **Article 5: Price Changes; No Effect on Service Terms**

For each of the services with specific terms and conditions set forth in an attachment to this Agreement, any adjustments to the rates for the services shall be subject to the terms and conditions set forth in the Annexes of this Agreement.

#### **Article 6: Monetary Transactions**

1. Each Party will bear the costs and retain the revenues for any work performed by itself and by agents or contractors on its behalf, unless the Parties agree to other arrangements to allocate costs or revenues and those arrangements are incorporated in an Amendment to this Agreement. Any such Amendment shall be governed by Article 18 below.
2. All taxes and duties are the sole responsibility of the Party to whom they are duly assessed and shall not be charged to any other Party in any form unless the Parties otherwise provide in an Amendment to this Agreement. Any such Amendment shall be governed by Article 18 below.

#### **Article 7: Customs Inspection**

USPS bears no responsibility for the disposition of items in the custody of U.S. Customs & Border Protection. Further, Hongkong Post understands that all contents of any item, including items that are treated as sealed mail under USPS regulations, are subject to inbound search and inspection by U.S. Customs & Border Protection, regardless of when the USPS elects to conduct verification and acceptance of any inbound items.

#### **Article 8: Termination**

1. Either Party may terminate this Agreement without cause upon 30 days advance written notice to be served on the other Party, with such termination effective as of the end of the calendar month in which the 30-day notice period expires. The right to terminate the Agreement for good cause remains unaffected.
2. In the event of termination of the Agreement under this Article, the Parties shall be liable to make final settlement of all amounts owing as of the effective date of the termination. Each Party shall bear its own costs in the event of termination. All further rights and remedies shall remain unaffected.

3. In the event of termination, and as of the effective date of termination, the Parties shall revert to the default rates applicable under the Universal Postal Union Convention effective at the time of such termination, and neither Party shall be liable to the other for any damages including, without limitation, actual, special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason incurred as a result of the change of rates after termination.

#### **Article 9: Dispute Resolution**

1. The Parties intend to resolve all controversies under this Agreement informally through correspondence, oral communications, and informal meetings.
2. If the method described in the above paragraph proves insufficient to resolve a controversy, the Parties agree that the signatories to this agreement, or their replacement, shall provide a written description of the controversy to the other Party and a suggested outcome. They will review the information provided and shall attempt in good faith to come to an agreement on the issue through correspondence, oral communications, or informal meetings.
3. If the methods described in the above paragraph prove insufficient to resolve a controversy, the Parties agree to refer that controversy to mediation, which shall consist of an informal, nonbinding conference or conferences between the Parties and the mediator, which shall perform mediation responsibilities in the English language. The mediator will be selected as mutually agreed by the Parties.
4. With the exception of controversies concerning cost or revenue liability, mediation will provide the sole means for addressing controversies related to this Agreement. If mediation does not resolve such a controversy, the parties may exercise their right to terminate.
5. For controversies related to cost or revenue liability, Hongkong Post and the USPS will first refer the matter to mediation as discussed in the above paragraph. If mediation does not resolve such a controversy, an action relating to cost or revenue liability may be instituted and maintained only in the United States District Court for the District of Columbia. The parties each irrevocably submit to the exclusive personal jurisdiction of the United States District Court for the District of Columbia and waive any objection to the laying of venue in that court, to the convenience of that forum, and to that court's personal jurisdiction over the Parties, including any arguments about sovereign immunity.
6. Notwithstanding the provisions of this Article 9, and without prejudice to Article 11, paragraph 1, in the event of conflict or inconsistency between the provisions of this Article 9 and Article 11, paragraph 1, the provisions of Article 11, paragraph 1 shall prevail.

#### **Article 10: Construction**

Except as otherwise provided in this Agreement, this Agreement shall be governed by and construed in accordance with U.S. Federal law. To the extent this Agreement is not covered by the Federal law of the United States, the law of the state of New York shall apply.

#### **Article 11: Indemnification and Liability**

1. The Parties acknowledge that aspects of liability or indemnification (including, but not limited to air parcels) in favor of third Parties not expressly governed by this Agreement or its regulations are subject to the appropriate provisions of the Acts of the Universal Postal Union and any reservations the Parties have taken to those instruments.
2. In the event that an entity not party to this Agreement asserts claims against Hongkong Post or USPS that are attributable to the actions of the other Party to this Agreement and are not subject

to the provisions of the Acts of the Universal Postal Union, the latter Party shall indemnify the defending Party for, and hold the defending Party harmless from, any losses, damages or liabilities suffered by the defending Party as a result. In that instance, the indemnifying Party shall also reimburse the defending Party for all reasonable expenses incurred in connection with investigating, preparing for, or defending any such claim, whether in an administrative, regulatory or judicial proceeding, and whether or not the indemnified Party is named in the proceeding.

3. Neither Party to this Agreement shall be liable to the other Party nor will they indemnify the other Party for any loss or damage including special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason, except for the following:
  - a. liability and indemnification as described in Article 11, paragraph 1,
  - b. final settlement under Article 8, or
  - c. any actual damage or loss suffered by a Party as a result of a breach of this Agreement by the other Party.
4. Nothing in this Agreement shall be construed as an acknowledgment or concession regarding the validity of any claim or the entitlement of any Party to any amount of damages.

#### **Article 12: Language**

The official version of this Agreement, including all supporting documentation and correspondence, shall be in English. The English language shall be the controlling language for the purpose of interpreting this Agreement, and all correspondence between the Parties pertaining to this Agreement shall be in the English language. In the event of inconsistency between any terms of this Agreement, including its supporting documentation and correspondence, and any translation into another language, the English language meaning shall control.

#### **Article 13: Confidentiality Requirements**

1. The Parties consider the rate information included in this Agreement to be commercially sensitive information and agree that it should not be disclosed to third parties except as required by law. Hongkong Post will treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the U.S. Postal Regulatory Commission. Except as required by U.S. law, USPS will treat as confidential and not disclose to third parties, absent express written consent by Hongkong Post, any information related to this Agreement and proprietary to Hongkong Post that is treated as non-public by the U.S. Postal Regulatory Commission.
2. Hongkong Post acknowledges that United States law may require that this Agreement and supporting documentation be filed with the U.S. Postal Regulatory Commission (Commission) in a docketed proceeding. In addition, Hongkong Post acknowledges that United States law may require that this Agreement be filed with the U.S. Department of State. Hongkong Post authorizes the USPS to determine the scope of information that must be made publicly available under the Commission's rules. Hongkong Post further understands that any unredacted portion of this Agreement or supporting documentation may be posted on the Commission's public website, [www.prc.gov](http://www.prc.gov). In addition, the USPS may file information in connection with this Agreement (including revenue, cost, or volume data) in other Commission dockets, including Commission docket numbers ACR2014 and ACR2015. Hongkong Post has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22, on the Commission's website: [www.prc.gov/Docs/63/63467/Order225.pdf](http://www.prc.gov/Docs/63/63467/Order225.pdf). At Hongkong Post's request, the U.S. Postal Service will notify Hongkong Post of the docket number of the Commission proceeding, if any, used in connection with this agreement.

**Article 14: Severability**

If any of the provisions of this Agreement shall be held void or unenforceable, the other provisions shall survive and remain in full force and effect, subject only to either Party's unilateral right to terminate the Agreement.

**Article 15: Notices**

Any notice or other document to be given under this Agreement will be in writing and addressed as set out below. Notices may be delivered by hand, email, or Express Mail.

To the USPS:

Teresa Yeager  
GM, Business Development, Asia Pacific  
United States Postal Service  
475 L'Enfant Plaza, SW, Room 2P826  
Washington, DC 20260-0906  
1-202-268-2925  
teresa.y.yeager@usps.gov

To Hongkong Post:

Sammy Cheng  
Senior Manager (International Letters)  
External Affairs Division  
Hongkong Post Headquarters  
Room 2M06A  
2 Connaught Place, Central  
Hong Kong  
Tel: 852- 2921 6026  
Fax: 852- 2536 4247  
email: Sammy\_cw\_cheng@hkpo.gov.hk

**Article 16: Force Majeure**

Neither party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including acts of God, fires, floods, wars, sabotage, accidents, labor disputes or shortages, governmental laws, ordinances, rules and regulations, whether valid or invalid, court orders, whether valid or invalid, inability to obtain material, equipment, or transportation, and any other similar or different contingency.

**Article 17: Legal Status of this Agreement**

This Agreement constitutes a legally binding agreement on the part of each signatory hereto and does not bind the Parties' respective governments. The Parties acknowledge that this Agreement sets out the terms and conditions of a negotiated contractual arrangement between the Parties and is not an agreement entered into or subject to international law. This Agreement does not involve the creation of a wholly-owned subsidiary of any Party or a joint venture company or partnership funded in any ratio by the Parties. The Parties do not intend that any agency or partnership relationship be created between any of them by this Agreement.

**Article 18: Amendment**

This Agreement may be amended or extended only by mutual written agreement signed by authorized representatives of Hongkong Post and USPS. Neither a Party's acquiescence in any performance at

variance to this Agreement nor a Party's failure to exercise any right or enforce any obligation shall be deemed an amendment to this Agreement. The Amendment may be contingent upon any and all necessary approvals by USPS management, the USPS Governors, the USPS Board of Governors, and/or the U.S. Postal Regulatory Commission. If such approvals are required, the Amendment will not become effective until such time as all necessary approvals are obtained.

#### **Article 19: Assignment**

This Agreement may not be assigned in whole or in part by any Party without the prior written consent of the other parties.

#### **Article 20: Applicability of Other Laws**

1. The Parties acknowledge that this Agreement does not involve the USPS's acquisition of property or services and is not subject to the Contract Disputes Act (41 U.S.C. §§ 601 et seq.).
2. The Parties recognize that performance under this Agreement may be subject to laws enacted or enforced by governmental entities and is contingent on each Party obtaining all consents, authorizations, orders, or approvals required under applicable law of policy to effectuate the Agreement.

#### **Article 21: Entire Agreement**

1. Except as otherwise provided in this Agreement, this Agreement, including all Annexes to this Agreement, shall constitute the entire agreement between the Parties concerning the exchange of international mail described herein.
2. Neither Hongkong Post nor the USPS is released from any remaining obligations arising under the Hongkong Post – United States Postal Service Bilateral Agreement executed by Hongkong Post on November 13, 2012, and by USPS on November 14, 2012 (Hongkong Post – USPS 2012-2013 Bilateral Agreement).
3. With the exception of the Agreement mentioned in Paragraph 2 of this Article, or as otherwise indicated in this agreement, any prior agreement, understanding, or representation of any kind pertaining to the subject matter of this Agreement and preceding the date of this Agreement shall not be binding upon either Party.
4. The Parties acknowledge that the provisions of the Universal Postal Convention and applicable regulations apply except to the extent inconsistent with this Agreement.

#### **Article 22: Term**

1. The Parties intend that the Effective Date of the settlement rates for the products set forth in Annex 1 of this Agreement should be March 1, 2014.
2. The USPS will notify Hongkong Post of the Effective Date of the Agreement within thirty (30) days after receiving the approval of the entities that have oversight responsibilities for the USPS. USPS shall have no obligation to notify Hongkong Post of the status of the approval process or of potential fulfillment of the approval process. The Agreement will remain in effect for one year after the Effective Date unless terminated sooner pursuant to Article 8. Prior to the expiration of this period, the Agreement shall be re-evaluated by both Parties on whether to extend the agreement for another year or otherwise modify the Agreement.



**Article 23: Intellectual Property, Co-Branding, and Licensing**

The Parties acknowledge that in the service of improving existing international products or developing new international products under this Agreement that such products may be enhanced through the use of co-branding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use shall be subject to separate written agreements. The Parties acknowledge and agree that neither Party shall use the other Party's trademarks, logos or intellectual property until such time that a license for each specific such use has been executed by the Parties and all laws and regulations required for such license's effectiveness have been perfected, which shall include but not be limited to any recordation requirements.

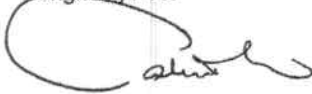
**Article 24: Survival**

The provisions of Articles 4, 8, 9, 10, 11, 12, 13, 14, 15, 21, 22, and 23 shall survive the conclusion or termination of this agreement, as well as any other terms insofar as they apply to the Parties' continuing obligations to one another under the articles listed above.



IN WITNESS WHEREOF, the Parties agree to be bound as of the latest date of signature to the terms and conditions of this Agreement.

Hongkong Post



Patrick Lin  
Director (External Affairs)

23.12.2013

Date

United States Postal Service



Giselle Valera  
Vice President and Managing Director, Global Business

23-12-2013

Date

## Annex 1: Settlement Rates

### **Rates**

The rates below shall be in effect for the term of this Agreement, as set forth in Article 22. Changes in rates during the term of this Agreement will be negotiated and agreed to in accordance with Article 18.

The provisions of Articles 3 and 4 shall apply to the USPS's ability to give effect to any agreed-upon rates, such that the agreement of the USPS to any change in rates is accordingly contingent upon any and all necessary approvals by Postal Service Management, the USPS Governors, the USPS Board of Governors, and/or the U.S. Postal Regulatory Commission. The approval process may extend well beyond the originally intended effective date. If such approvals are required, the rates cannot become effective until such time as all necessary approvals are obtained.

Settlement rates listed in the tables included below are product stream rates per piece and per kilogram stated in Special Drawing Rights (SDRs) unless noted otherwise. These rates include applicable Air Conveyance charges. Any changes to current specifications (i.e., sortation and preparation) must be agreed to in writing by both parties as provided in Article 18 of this Agreement.

#### **HONG KONG TO USA**

Stream /1	Service Description	Contract Period (in SDR) /2	
		PER PIECE	PER KG
A, CN/CV, BG	AIR PARCELS		
A, UD, BG	SMALL PACKET WITH DELIVERY SCANNING (AVERAGE QUARTERLY WEIGHT BELOW 300 GRAMS)		
A, UD, BG	SMALL PACKET WITH DELIVERY SCANNING (AVERAGE QUARTERLY WEIGHT EQUAL TO OR ABOVE 300 GRAMS)		

#### **USA TO HONG KONG**

Stream /1	Service Description	Contract Period (in SDR) /2	
		PER PIECE	PER KG
A, CN, CN/BG	AIR PARCELS		

#### Notes concerning Table of Settlement Rates above

#### **Specifications of Letter Post Product Categories and Formats**

The rates for the stream categories above shall be based upon the following format and product definitions:

Small Packets with Delivery Scanning – Hong Kong to USA  
Refer to Annexes 2 and 3 of this Agreement.

#### **Specifications of Parcel Post Product Categories and Formats**

##### **Parcels**

The admitted maximum weight limit for parcels is 70 lbs.

The admitted maximum size for parcels is 60 inches for any one dimension or 108 inches for the sum of the length and the greatest circumference measured in a direction other than that of length.

## **Annex 2 – Hong Kong to United States Small Packets with Delivery Scanning**

### ***Package Specific Preparation Requirements***

1. **Package Dimensions and Weight.** Each package shipped under this agreement must conform to the size and weight limitations specified in the UPU Letter Post Manual or as bilaterally agreed. Specifically, each package shall not exceed 2 kilograms in weight or limits of size specified in Universal Postal Union Article RL 122.
2. **Package Contents.** Packages shall conform to the importation restrictions of the United States as set forth in the *Mailing Standards of the United States Postal Service*, International Mail Manual, section 710 ("Treatment of Inbound Mail"), which can be accessed online at [http://pe.usps.com/text/imm/immc7\\_001.htm](http://pe.usps.com/text/imm/immc7_001.htm); and in accordance with the United States country listing in the Universal Postal Union's List of Prohibited Items, which can be accessed at the Universal Postal Union website at <http://www.upu.int/en/activities/customs/list-of-prohibited-articles.html>. Packages should also conform to USPS's regulations on Mailable Dangerous Goods as set forth in IMM section 135, which can be accessed online at [http://pe.usps.com/text/imm/immc1\\_013.htm](http://pe.usps.com/text/imm/immc1_013.htm). USPS shall not be responsible for the contents or customs status of any packages imported under this Agreement. For packages seized or disposed of by U.S. Customs and Border Protection and not released, the sending post will not be charged postage for those packages. For packages detained but eventually released, applicable postage will apply. The sending post agrees to communicate these requirements to shippers as a condition of shipment.
3. **Package Labeling.** The bilaterally agreed upon, co-designed label will be displayed on the outside of each small packet with delivery scanning. Customers in Hong Kong will use the HKP-certified software to print labels which will include a barcode that meets the specifications set forth in Universal Postal Union Letter Post regulations. The barcode shall utilize the LK prefix of the Universal Postal Union S10 barcode construct. The sample label is presented in Annex 3. In addition, each item will display a completed and accurate customs declaration.

### ***Receptacle Preparation Requirements***

1. **Separation from other products.** The Small Packet with Delivery Scanning product that is described in this Agreement will be sorted in receptacles separate from other mail pieces. Other international products, including, but not limited to, other Letter Post products (such as Registered Mail), Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be commingled in receptacles containing Small Packet with Delivery Scanning items.
2. **Receptacle Identification.** Each receptacle will contain a 29-character UPU barcode containing the bilaterally agreed-upon mail subclass code.
3. **Receptacle Routing.** To expedite the processing and delivery of these packages, the sending post may present receptacles to corresponding Offices of Exchange (OEs) per the routings outlined in Annex 5.

### ***Dispatch Preparation Requirements***

1. **Separation from other products.** The Small Packet with Delivery Scanning product that is described in this Agreement will be dispatched separately from other mail pieces. Other international products, including but, not limited to, other Letter Post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be commingled in dispatches containing Small Packet with Delivery Scanning items.

2. **Dispatch Identification.** Each dispatch will contain the bilaterally agreed-upon mail subclass code and unique dispatch numbers, which shall not repeat within any settlement period.
3. **Dispatch Manifesting.** The Parties agree to provide PREDES messaging for each dispatch, including the number of receptacles, total weight and number of pieces contained in each receptacle. The parties will strive to provide accurate PREDES messaging of 100% of dispatched volume and transmit the PREDES in timely manner. Where deficiencies exist, the two sides will agree to exchange data and correct deficiencies promptly.

#### ***Financial Requirements***

USPS and Hongkong Post shall settle Small Packet with Delivery Scanning volumes, and any other Letter Post volumes in accordance with current Letter Post settlement procedures. However, Small Packet with Delivery Scanning volumes will be identified and segregated from other Letter Post volume through the assignment of the "UD" mail subclass. At the end of the settlement period, the corresponding rate, as determined in this agreement, shall be applied to the corresponding Letter Post volume, as identified by the mail subclass. Hongkong Post agrees to generate unique dispatch numbers throughout the course of the settlement period.

#### ***Return Service, Customer Inquiries and Compensation***

1. **Return Service.** Return service for undeliverable, refused, or missent packages will be provided consistent with the current procedures for letter-post small packets.
2. **Customer Inquiries.** USPS will not accommodate customer inquiries made by customers in either Hong Kong or the United States through retail units, customer service hotlines, or other channels for Small Packets with Delivery Scanning.
3. **Compensation.** USPS does not offer indemnity or insurance for Small Packages with Delivery Scanning. Accordingly, unless the Parties agree otherwise in a separate written agreement, USPS shall have no such liability.

#### ***Service Standards***

Small Packets with Delivery Scanning under this Agreement carry no day- or time-specific guarantee. Applicable domestic service standards apply once the packages are cleared through U.S. Customs & Border Protection and entered into the U.S. domestic mailstream.

**Annex 3 Co-Designed Label Samples**

Below is a sample label for Small Packets with Delivery Scanning.

			<div>Airmail Postage Paid Hong Kong Post</div>
			
From:			
FOREIGN SENDER STREET ADDRESS CITY COUNTRY POSTAL CODE			
<small>Customs information available on attached CN22, USPS Recommended Scan barcode below for delivery event information</small>		11111	
TO:	US RECIPIENT NAME STREET ADDRESS SUITE/ APT NUMBER WASHINGTON DC 11111-1111		
USPS DELIVERY CONFIRMATION			
			
XXXXXXXXXXXXX			

**Annex 4 – Detailed Item Content Restrictions**

All items mailed under this Agreement must conform to the mailability requirements of the United States Postal Service, as detailed in the International Mail Manual sections 135 and 710; the United States country listing in the Universal Postal Union's List of Prohibited Items; and Domestic Mail Manual section 601. As of the execution date of this Agreement, these materials are available at the following websites, respectively:

[http://pe.usps.gov/text/imm/immc1\\_013.htm](http://pe.usps.gov/text/imm/immc1_013.htm)

[http://pe.usps.com/text/imm/immc7\\_001.htm](http://pe.usps.com/text/imm/immc7_001.htm)

[http://www.upu.int/customs/en/country\\_list\\_en.pdf](http://www.upu.int/customs/en/country_list_en.pdf)

<http://pe.usps.gov/text/dmm300/601.htm>

**Annex 5 – Suggested Office of Exchange Routing Details**

**USPS**

The following table illustrates the appropriate U.S. point of entry based on the first digit of the destination address postal code. A more detailed table based on the first three digits can be provided upon request.

First Digit of Postal Code	Desired U.S. Point of Entry
0	JFK - New York
1	JFK - New York
2	JFK - New York
3	JFK - New York
4	JFK - New York
5	JFK - New York
6	JFK - New York
7	SFO – San Francisco OR LAX – Los Angeles
8	SFO – San Francisco OR LAX – Los Angeles
9	SFO – San Francisco OR LAX – Los Angeles